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ABSTRACT

In the 5 years since welfare reform was enacted, the Watching Out for Children in Changing Times initiative in Philadelphia has been meeting with families receiving welfare and listening to their experiences. This report is the third in the series and details the experiences of 40 families. Information for the report was based on interviews conducted from December 2000 through December 2001. Twenty-two of the families interviewed were African American, 8 were White, and 10 were Latino. Findings indicated that over half of the Watching Families had left the Temporary Assistance for Needy Families (TANF) rolls, with over two-thirds of welfare leavers working, many in full-time jobs. Unemployed leavers had other sources of support, typically through the SSI program. However, family income was often below the poverty line. All the families reported struggling to make ends meet. Parents reported that they and their children had significant difficulties adjusting to parents' increased time away from home. Findings also revealed that securing and maintaining a job was often an uphill journey, easily thrown off course by a parent or child's health problem, difficulty finding appropriate quality child care, lengthy and expensive commutes, or a lack of education and skills. In the Spring of 2002, seven families will have exhausted their 5-year lifetime TANF limit for cash assistance. The report includes recommendations for the public and private sectors, and 12 charts compiling information on families in Pennsylvania and in Southeastern Pennsylvania receiving cash assistance and current situations of the Watching Out families. Findings are illustrated throughout the report with short stories of particular family situations. Two appendices provide details about TANF time limits, sanctions, and work requirements nationally and in Pennsylvania, and define the time-out categories used in the study. (Contains 49 endnotes and 22 references.) (KB)

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Watching Out for Children in Changing Times

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On The Front Lines: Families and Welfare Reform Five Years Later

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Philadelphia Citizens for Children and Youth

United Way of Southeastern Pennsylvania

PCCY

2002

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PCCY

About Philadelphia Citizens for Children and Youth:

Founded in 1980, PCCY serves as the region's leading child advocacy organization and works to improve the lives and life chances of the region's children. Through thoughtful and informed advocacy, community education, targeted service projects, and budget and policy analysis, PCCY seeks to watch out and speak out for the children in our region. PCCY undertakes specific and focused projects in several areas affecting the healthy growth and development of children, including after-school, child care, public education, child health, and child welfare. PCCY's ongoing presence as a watchdog and advocate for the region's children informs all of its efforts.

United Way
of Southeastern
Pennsylvania

About United Way of Southeastern Pennsylvania:

United Way of Southeastern Pennsylvania leads, inspires and mobilizes donors and volunteers to improve the quality of people's lives in our community by building collaborative strategies to identify and address our most essential human service issues, sustaining a high quality, efficient network of human service agencies and delivering efficient, effective, and rewarding ways to give time, talent, and money.

To better serve our community, we have shifted our focus from being primarily a fundraising organization to an issue and results-oriented organization. We raise and allocate funds to agencies that provide essential human services and strive to advance human service issues in our community. Measuring our success in terms of community impact rather than solely on dollars raised is bringing a new sense of urgency to our work, and creating stronger partnerships with donors and funded agencies.

About Watching Out for Children in Changing Times:

Watching Out for Children in Changing Times is a joint effort between United Way of Southeastern Pennsylvania and Philadelphia Citizens for Children and Youth to track how recently changing public policies are affecting children, families, and the agencies that serve them, and to reach out to, inform, and engage various sectors of the public on behalf of children and families. Initiated in 1996, Watching Out surveys 75 human service agencies on a regular basis, and has conducted focus groups and interviews with over 200 youth and their families on a range of issues that affect low-income children and families, including housing, child care, food assistance, health care, cash assistance, and youth development. Information from these surveys and interviews may be found in the series of reports published by *Watching Out for Children in Changing Times*.

Table of Contents

About This Report ..... Page 3

Executive Summary ..... Page 4

Summary of Recommendations ..... Page 6

Profile of The 40 Watching Out Families ..... Page 7

Introduction ..... Page 9
Joy's Story ..... Page 9

Overview of Welfare Reform ..... Page 11

Welfare Caseloads Dropped and Now Appear to Be Stabilizing ..... Page 12
Chart 1: Families in Pennsylvania Receiving Cash Assistance ..... Page 12
Chart 2: Families in Southeastern Pennsylvania Receiving Cash Assistance ... Page 12
Chart 3: Families in Pennsylvania Receiving Cash Assistance, 1997 ..... Page 13
Chart 4: Families in Pennsylvania Receiving Cash Assistance, 2001 ..... Page 13
Chart 5: 1997 v. 2001 Southeastern Pennsylvania TANF Caseload ..... Page 13
Chart 6: Pennsylvania TANF Caseload Decline ..... Page 14
Chart 7: Residence of Families Reaching Five-Year Limit ..... Page 14
Who Are The Families ..... Page 15
Ann Marie's Story ..... Page 15
Katia's Story ..... Page 16

The Watching Out Families ..... Page 17
Chart 8: Current Work Involvement of the Watching Out Families ..... Page 17
Chart 9: Situations of the 20 Non Working Watching Out Families ..... Page 17

TANF Leavers ..... Page 18
Working Families ..... Page 18
Mary's Story ..... Page 19
TANF Leavers Who Rely on SSI or "Other" Income ..... Page 20
Jamie and Patrick's Story ..... Page 20
Leaving TANF: Do Families Get Health Care, Food Stamps and Child Care Assistance? ..... Page 21

Workers Who Are Unable to Get by Without TANF Assistance ..... Page 22
Those Who Are Working and Still Using TANF ..... Page 22
Lynette's Story ..... Page 22

Families Who Are Not Working and Currently Rely on TANF ..... Page 23
Families Who Have Relied Exclusively on TANF since the Beginning of Welfare Reform ..... Page 23
Chart 10: Pennsylvania Families Approaching Five-Year Limit ..... Page 23
Donna's Story ..... Page 24
TANF and the Americans with Disabilities Act (ADA) ..... Page 25
Maria's Story ..... Page 25
Victims of Domestic Violence ..... Page 26
Rita's Story ..... Page 26
TANF "Cyclers" ..... Page 27
Tanya's Story ..... Page 27
"New" TANF Recipients ..... Page 28
Diane's Story ..... Page 28
TANF Families Are Particularly Vulnerable to the Recession ..... Page 29

Pennsylvania's Approach to the Five-Year Clock: Time-Outs ..... Page 30
Chart 11: Time-Out Categories ..... Page 30
Chart 12: Total Time-Outs in Pennsylvania ..... Page 30
Time-Outs and the Maximizing Participation Program ..... Page 31
Deirdre's Story ..... Page 32

Pennsylvania's Plan Beyond the Five-Year Clock: "Extended TANF" ..... Page 33

Welfare Reform and Children ..... Page 34

Recommendations ..... Page 35

Appendix 1: TANF Details ..... Page 38

Appendix 2: Time-Out Categories ..... Page 40

References ..... Page 41

Endnotes ..... Page 43

Our Thanks

About This Report

Watching Out for Children in Changing Times has been interviewing Philadelphia area families on welfare since the initiation of welfare reform in 1996. This report marks the third in a series detailing family experiences. We interviewed 40 families from December 2000 through December 2001. Seventeen of these families have been interviewed for Watching Out reports for several years; 23 families had their first interview during 2001.

Of these families, 37 have received Temporary Assistance for Needy Families (TANF) at some point since welfare reform began in 1997. Three of the 40 families had stopped receiving cash assistance prior to the reforms. Just over half, 22, of the families are African American, eight are White and ten are Latino. Seven families have received TANF continuously since 1997 and are approaching their five-year lifetime limit for federal TANF assistance.

The names of all the families mentioned in this report have been changed to protect their privacy. A standard protocol was used when interviewing families.

Executive Summary

Nearly five years have passed since welfare reform began. Welfare rolls are down, families are still poor, and the story of welfare reform continues to unfold. Watching Out for Children in Changing Times has been meeting with families and listening to their experiences since the advent of welfare reform; the experiences of 40 families are reflected in this report.

The good news is that over one half of the Watching Families have left the TANF (welfare) rolls. Among the welfare leavers over two thirds are working, many in full-time jobs. The leavers who are not employed have other sources of support, typically through the SSI program, a federal program for those too disabled to work.

The bad news is that family income is often below the poverty line. Parents who have a child with a disability tell us that they have difficulty keeping jobs. Many parents have limited education, limited skills, and earn low wages. Five of the working Watching Out families earn so little they continue to qualify for TANF cash assistance to supplement their earnings. The families who have moved off TANF, or are working in that direction, find that other family supports, such as food stamps, child care assistance, and health care coverage are absolute necessities in keeping their families healthy, fed, and cared for while they work.

Twelve of the Watching Out families have no earnings and rely on TANF to support their families. This spring, seven of the Watching Out families, along with thousands of families from the Philadelphia region, will exhaust their five-year lifetime limit on TANF cash assistance. Pennsylvania is planning to provide "Extended TANF," beyond the five-year limit for families who meet new criteria. This is a welcome reprieve from the doom of cut-offs anticipated on March 3, 2002. But the future of a safety net for the families who will reach their lifetime limits in the following months – and years – is still unknown.

Interviews with these families tell us that the road to employment and self sufficiency follows different paths and contains many barriers. Securing *and maintaining* a job is often an uphill journey that can be thrown off course by a parent or child's health problem, difficulty finding appropriate, quality child care, lengthy and expensive commutes, or simply by a lack of education and skills. Indeed many of these families have had and lost jobs in the last several years. There has not been an increase in involvement with the child protective system among these families. Parents report that they and their children have had significant difficulties adjusting to parents' increased time away from home.

Although one-half of the families are working, all of them struggle to make ends meet. Nineteen children are in families whose cash assistance could be cut off in the next year, leaving them with no apparent source of support. While all of the children should be covered by public health insurance, the parents' ability to secure health coverage for themselves and to learn of the benefits available to their children may be easily challenged in the next several years.

The country "ended welfare as we knew it" with the welfare reform legislation of 1996. While our welfare system has gone through significant change, the full impact of the reforms upon families and children will unfold over many years. State planning and implementation, community advocacy, and a strong economy have aided thousands of children and families during the initial period of change.

We must watch out now as the economy changes and some families may face a permanent bar to TANF cash benefits. We must see if more children are being placed in foster care; if more children are at risk and struggling on their own; or if more families are stronger, healthier, or more able to be self-sufficient. During the coming years, as a society, we must re-examine how best to strengthen low-income families and re visit the goals of welfare reform.

The family experiences in this report remind us of the children and families who are on the front lines of welfare reform, and that public and private policies should be framed and implemented with their needs in mind.

Summary of Recommendations

Public Sector:

- Make the reduction of family poverty one of the goals of TANF.
- "Stop the clock" for families who are doing all they can to move toward work and self-sufficiency.
- Broaden the set of education and training activities that will fulfill the work requirements.
- Develop simplified eligibility and reporting criteria so that low-income families can easily access and retain important benefits such as food stamps, child care subsidy, and health care.
- Expand the availability of comprehensive, quality child care.
- Develop supportive services for adolescents who need supervision and activities while their parents work.

Private Sector:

- Form strong public/private partnerships to reach out to families so that they have essential, supportive services as they strive for self-sufficiency.

Profile of the 40 Watching Out Families

Employment

- Thirteen of the families have a parent working full time, seven have a parent working part time, and twenty families have no parent(s) working.
- Five of the seven part-time workers receive partial TANF to supplement their earnings.
- Twelve of the 20 families who are not working receive full TANF grants, and one receives a TANF grant for the child only.

Involvement with TANF

- Seven of the 20 families who are not working have closed their TANF cases and rely on other income: one collects Unemployment Compensation, one relies on a grandmother's income and sporadic work, four rely on Supplemental Security Income (SSI), and one collects General Assistance (GA).
- Five of the families receiving TANF are exempt from the work requirements due to their disabilities; one is exempt because she has a child under one year of age.

Health and Safety

- Thirty five families – 88 percent – have at least one member with an ongoing health problem. These range from physical problems such as asthma (seven families) and diabetes (three families) to mental health issues affecting children and adults (four families have children with Attention Deficit Hyperactivity Disorder, four have children with developmental delays, and 12 have adults suffering from depression).
- Twelve families have members with health problems that are serious enough to make them eligible for Supplemental Security Income (SSI). Six families have a parent who receives SSI, and six families have a child who receives SSI. Three of these families have multiple members receiving SSI.
- Three parents are self-identified survivors of domestic violence.

Demographics

- Twenty-four of the women we interviewed are single mothers, six are married, three are divorced, four are separated, and three live with the father of their children.

- Four families live in Norristown, Montgomery county, one lives in Modena, Chester county, one family moved from Philadelphia to Willingboro, NJ. The remainder live in a variety of Philadelphia neighborhoods: five live in Point Breeze, three in Paschall, three in West, one in Center City, ten in North, three in Richmond, three in Frankford, one in Holmesburg, four in Logan/Olney, and one in Germantown.

- Twenty-two families are African American; ten families are Latino; eight families are White.

- In all, there are 105 children in these families who rely on their parents for support, with an average of 2.6 children per family.

Child Care

- Thirty-five of the 40 families have children who are 12 years old and younger.

- Sixteen of the 35 families require child care due to work or training. Eight of these families receive child care subsidy: three use a child care center, three pay family members, one uses a family child care center, and one pays a provider to come to her home.

- Eight of the 16 families who need child care do not receive subsidy. They primarily rely on no-cost options: four rely on family members and two rely on friends. Two families rely on after-school programs.

- Nineteen of the 35 families with children under 12 do not require child care because a parent can be at home with their children. Sixteen are not currently employed or in training; three have one parent who works while the other parent is home with the children.

Housing

- Fifteen of the families receive a housing subsidy, seven live with extended family, eight rent homes, and ten are homeowners – three of whom are behind on their mortgage payments.

Introduction

Since 1997, Watching Out for Children in Changing Times has been following Philadelphia area families who are the focus of the new welfare laws. Most of these families have received Temporary Assistance for Needy Families (TANF) at some point since the implementation of Pennsylvania TANF legislation in March 1997. While new supports have been made available to help these families transition from welfare to work and time limits fuel the urgency of gaining employment, numerous personal and societal obstacles continue to challenge the Philadelphia area's lowest income families.

Joy's Story

"My kids are not adjusting to my new job that well. They don't like having to do more for themselves around the house, and they tell me I'm stricter, something they also don't like. I'm trying to help them understand, but it also makes things more stressful for me."

***Joy**, after years of cyclical work, due in part to bouts with depression, received mental health treatment and began working at a women's clothing store in 2001. When she first began, she often had to work nights and weekends, which posed challenges with child care. She also felt she could not spend enough time with her 11 year old daughter and 10 year old son. She was able to get a more regular schedule, and typically works 9:30 a.m. – 4:00 p.m., Monday through Friday. She works 29 hours per week at eight dollars per hour ($232/week), which adds up to about $12,000 per year. She does not receive any medical benefits, vacation, or sick days. Joy was happy with her sales job at first, but then found out she was unable to advance to a position with better pay and benefits due to credit card fraud she committed over seven years earlier. Joy was disappointed, because she was doing well at this job and believed she would move toward an assistant manager position in a short time. As a result of this discouraging news, she has begun looking for a new job.*

Mental health treatment looms large for Joy and her children. Both Samantha (11) and John (10) are in therapy. Samantha is being treated for behavioral problems she has exhibited for a long time, and John for help coping with extreme anger that has developed more recently. Samantha is making consistent progress. John, who is in the gifted program at school and had once been well behaved, has made little progress. Joy continues to see her own therapist every other week and feels that she is coping relatively well, although she remains concerned about getting a job that provides health care benefits, better pay and a schedule that will allow her to be home when her children return from school.

Joy voluntarily closed her TANF cash assistance case, because she was collecting only a small amount to supplement her wages. Although she could use the additional money each month, she did not want to use time from her five year TANF limit, as she remains unsure of how her depression will impact her ability to work in the future. She receives food stamps and Medical Assistance, as well as Section 8 housing which she has had for a little over two years. Joy is concerned that should she find a better job, she will become ineligible for Medical Assistance for herself and will have to pay more rent.

The transition from welfare to work often does not mean a transition out of poverty. Joy is working, but she remains poor. Her earnings of $12,000 a year put her at 82 percent of the poverty line for a family of three.[1] Many families earn low wages and struggle with meeting basic expenses while adjusting to new roles and new responsibilities.

This report examines welfare reform through the experiences of Joy and other families who want to be self sufficient and move from welfare to work. Some have made great strides, some have experienced only cyclical employment, while others have not found work at all. With the strong economic picture of the first four years of reform changing, greater challenges for many families may lie ahead.

Overview of Welfare Reform

As a result of federal welfare reform (TANF) in 1996, federal welfare policy was fundamentally changed. Congress set four goals for welfare reform:

1. To provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives.
2. To end dependence of needy parents on government benefits by promoting job preparation, work, and marriage.
3. To prevent and reduce the incidence of out-of wedlock pregnancies and establish annual numeric goals for preventing and reducing the incidence of these pregnancies.
4. To encourage the formation and maintenance of two-parent families.

The major focus since the enactment of welfare reform has been upon the first two goals: providing support for families and urging and assisting recipients to secure jobs. Pennsylvania's work-first emphasis is no exception to this general trend.

Federal funds are now dispersed in the form of block grants to states. Cash assistance to families is time-limited, and states have a responsibility to move adults into work or work-related activities to avoid federal fiscal penalties. States must maintain state spending equal to a minimum of 75 percent of the previous welfare program (AFDC).

Under the new welfare law, states have greater flexibility to design programs that meet state and local needs, and more funding is available for child care and other supports for many of these families. Each state has substantial discretion to define "work" or "work related" activities. Welfare recipients must move toward such activities within their first two years of assistance, and states must enforce a five-year limit on the length of time adults can receive *federal* assistance. The federal rules allow up to 20 percent of a state's adult caseload to be exempted from the five-year limit. The federal welfare reform law is scheduled to be debated and reauthorized in 2002. [See Appendix 1 for additional federal and Pennsylvania TANF details.]

Pennsylvania passed its welfare reform law, Act 35, in 1996, with implementation occurring in March 1997. Pennsylvania adopted a strategy that encouraged recipients to find employment as quickly as possible. Education and training take a back seat to "rapid attachment" to the work force.

Pennsylvania's plans for the future of its TANF program are being developed. During these last years of economic growth, the numbers of people collecting cash assistance have dropped here as well as across the country. Whether the families have been lifted out of poverty, whether the children are better off, and whether the other goals of TANF have been or are reachable are significant questions that will be debated and discussed as welfare reform is reauthorized in 2002.

Welfare Caseloads Dropped and Now Appear to Be Stabilizing

Many work-ready TANF recipients who had relied on welfare to help them through temporary difficulties in their lives were able to find employment during the first few years of welfare reform. Some of them have fared well in these jobs, while others have not.

In February 1997, the month before welfare reform was implemented in Pennsylvania, 169,850 families - 481,099 parents and children - were receiving cash assistance. A little more than half, 85,078 families - 247,272 parents and children - were residents of the Southeastern Pennsylvania region (Bucks, Chester, Delaware, Montgomery, and Philadelphia counties).[2] Since then, caseloads have fallen dramatically.

Nationally, welfare caseloads dropped by 52 percent, from 4.4 million families receiving cash welfare in August 1996 to 2.1 million as of June 2001.[3] In Pennsylvania, caseloads have dropped slightly less, by 49 percent. As of November 2001, 87,314 Pennsylvania families - 229,456 parents and children - were receiving TANF. However, in Southeastern Pennsylvania, the caseload decline has been slightly less than that of the state as a whole. During this time, in the five county region, caseloads have dropped from 85,078 families to 47,352 families, or 44 percent.[4]

Chart 1: Families in Pennsylvania Receiving Cash Assistance - Comparison 1997 to 2001

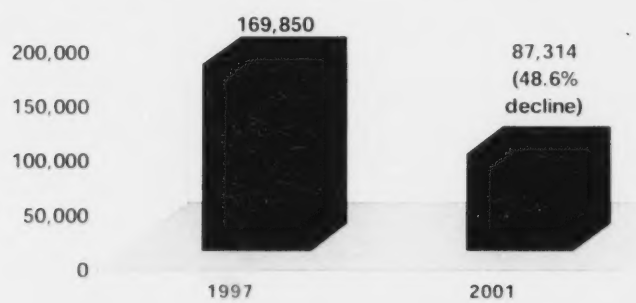
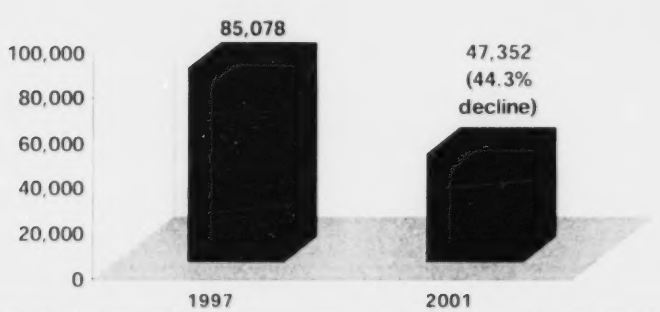


Chart 2: Families in Southeastern Pennsylvania Receiving Cash Assistance - Comparison 1997 to 2001



To look at it another way, in February 1997, the five-county region made up 50 percent of the state TANF caseload. As of November 2001, it makes up 54 percent of the caseload.

Chart 3: Families in Pennsylvania Receiving Cash Assistance - Febuary 1997

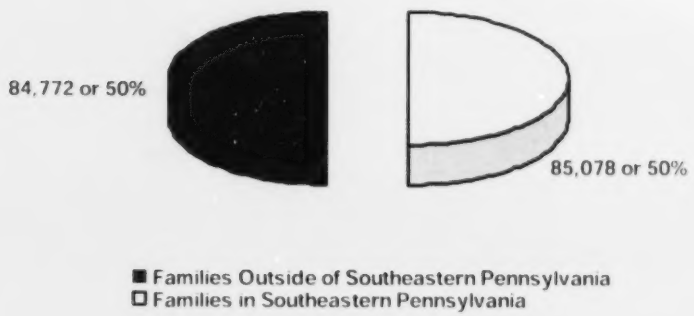
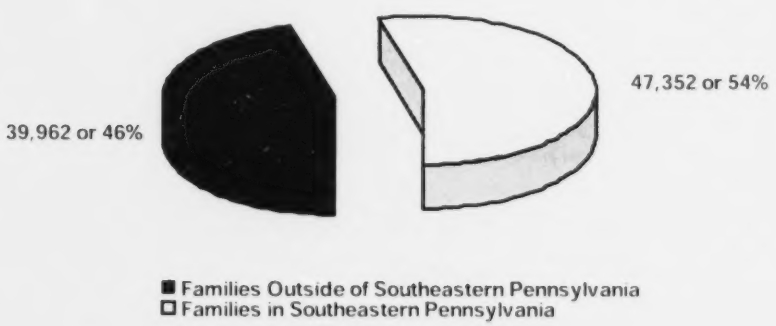
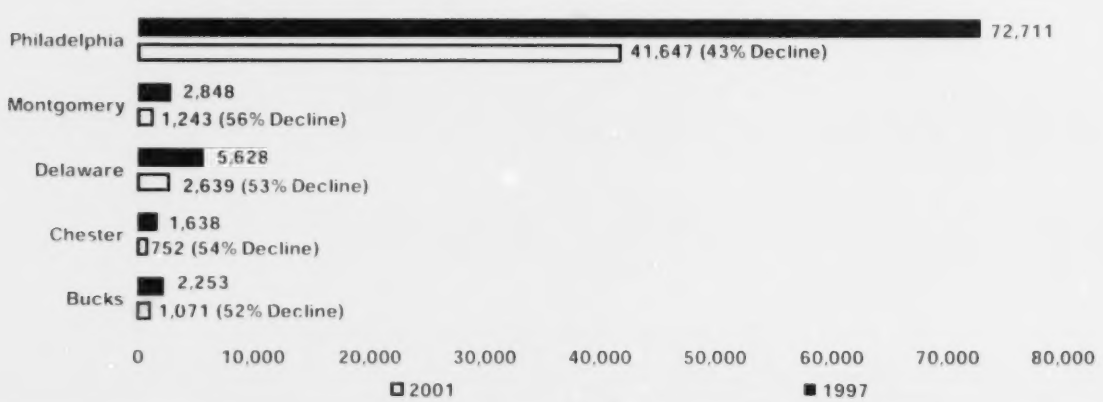


Chart 4: Families in Pennsylvania Receiving Cash Assistance - November 2001



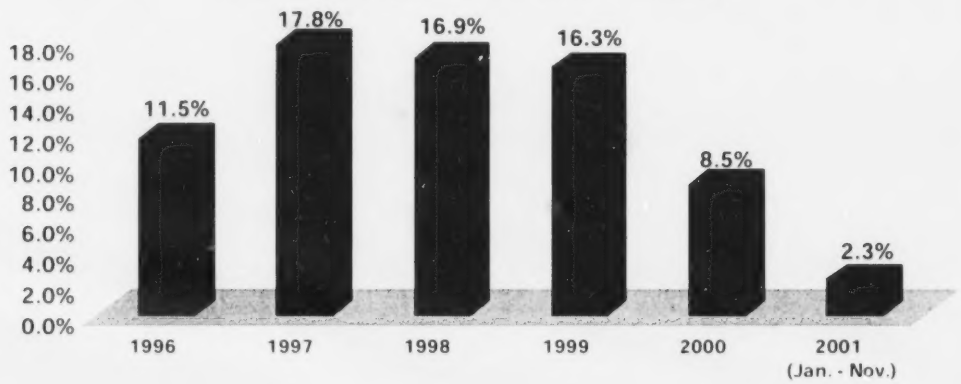
Philadelphia's share of the state caseload has also increased, from 43 percent in February 1997 to 48 percent in November 2001.[5] Again, this is not an unusual phenomenon. All over the country, perhaps because of population concentration and fewer new jobs, the cities have experienced slower declines in the rate of families leaving welfare.

Chart 5: 1997 v. 2001 Southeastern Pennsylvania TANF Caseload



Statewide, the number of TANF cases initially declined at a steady rate. The largest decrease in the caseload – almost 18 percent – occurred in the first year of TANF implementation (1997). A more rapid decline at the beginning of welfare reform should not be surprising, as many expected that families most capable of work would leave the rolls in the first few years of the reform.[6] A strong economy fueled many of these job opportunities. From January 2001 to November 2001, however, the caseload declined only 2.3 percent.[7]

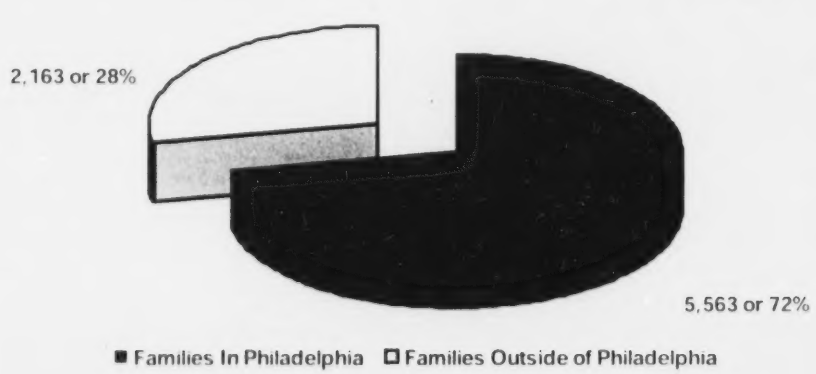
Chart 6: Pennsylvania TANF Caseload Decline



The recent economic downturn and the increased unemployment rate has had an impact on the TANF caseload. In recent months, state reports show a rise in the number of households receiving TANF cash assistance: 87,090 families in June 2001, to 88,090 in October 2001. November figures show a reversal in this trend, as the caseload again decreased to 87,314 families.[8]

As fewer families leave welfare, some new families enter the system and still others return to it. Many families are approaching the deadline of their five-year lifetime limit for cash assistance. As of December 2001, the state estimates that 7,726 adults and 19,498 children in Pennsylvania will reach their five-year TANF limit between March and June 2002. About 72 percent of these families – 5,563 adults and 14,038 children – live in Philadelphia county.

Chart 7: Residence of Families Reaching Five Year Limit (March - June 2002)



Ann Marie's Story

Ann Marie feels that she is in worse condition now than she was a year ago. Her health continues to decline and her welfare deadline is closer. She has been unable to find a job. As for the future, she is pessimistic, but said, "we'll see what happens."

***Ann Marie** has been out of work for many years. She has a college degree, but also has many limitations. She was born with a severe degenerative condition, which has affected her hearing, speech, and ability to stand for long periods of time. Her hearing is completely lost in one ear, is just 50 percent in the other, and she has slurred speech. Ann Marie reports that she should be on medication for depression, but does not take the medicine due to the side effects. She receives counseling every week. In one of our early interviews with her, in August 1999, she had just been turned down at the third and final stage of her SSI application and had begun receiving services from the state's Office of Vocational Rehabilitation (OVR).*

Shortly thereafter, Ann Marie received a letter stating that her bi-weekly cash amount was to be reduced to $107 from $165 because she had failed to apply for SSI. Although she had applied and pursued all possible appeals, her caseworker instructed her to reapply immediately after having been denied because she is exempt from the work requirements based on her disability. Her caseworker at OVR helped her fill out the paperwork, but as of our most recent interview in August 2001, Ann Marie was unsure of the status of this application. She reported, however, that her effort to reapply was sufficient to please the welfare office, and her full benefit level had been restored.

Ann Marie receives $330 per month cash assistance, $200 food stamps, and has Section 8 housing. Were it not for her housing subsidy, she would have a difficult time paying rent and all other non-food expenses with just $330 per month (34 percent of poverty for a family of two). Through the Section 8 program, she pays $24 per month rent and is responsible for all utility costs. She is thankful for this. After paying her rent and utilities she can supplement her food stamps with some cash, as well as make payments toward the $350 in back rent she owes from the time before she had Section 8 and the $150 she owes on her previous phone line.

Ann Marie buys clothes from thrift stores or gets hand me downs for her six year old son, Gary. On rare occasions she'll splurge on important items, such as winter coats, a few toys, and school supplies.

Katia's Story

While holding down a full-time job and trying to do what is best for her children, Katia explains, "I don't know what else I can do. I can't be in two places at once."

***Katia** was born and completed high school in Puerto Rico. She moved to New Jersey approximately 11 years ago, and completed a paralegal degree at Camden County College. She returned to Puerto Rico in 1999, but decided to move back to the United States in order to get better medical care for her four children. Two of her sons have severe asthma; one has also had many operations on his leg. Katia arrived in Philadelphia in November 1999 and collected TANF benefits for three months while looking for a job. She then worked a temporary job at the IRS in Norristown from February to September 2000. Most weeks she worked full time at $12 per hour. Some weeks she worked seven days so that she could save money for the times she wasn't called into work. She usually drove, but her car was stolen during the summer of 2000. When her children's school started that fall, she found that taking the bus to Norristown took too long. This was a particular concern because her eldest son began having behavioral problems at school. As a result, Katia stopped taking temporary assignments at the IRS.*

Katia went back on welfare for one month. In November 2000, she began a new job as a community outreach worker, making $10.50 per hour. The job is close to home and allows her to be available to her children. She often works seven days a week to maximize her income. Even with a decent wage in relation to many other Watching Out families, Katia struggles to make ends meet. She brings home approximately $1,310 per month (76 percent of poverty for a family of five), which is supplemented by contributions from her boyfriend. Her basic expenses total $1,368 - more than her take home pay. That total does not include food expenses. She relies on the sporadic amount of money her boyfriend is able to bring in – about $50-60 a few times per week as a delivery person – to cover the shortfall. She can't always meet her bills and is continually low on food. She does not receive food stamps. Buying her children the clothes they need, or even modest birthday and Christmas gifts, creates a situation where she must play catch-up with other bills for several months.

Katia's two pre-school sons are enrolled full time in a child care center close to her work place, where her eight-year-old daughter also attends an after-school program. Katia has had difficulty finding care for her 10-year-old son, Ricky, because "no one wants to watch him." He was enrolled in an after-school program, but was expelled due to his behavior. She now leaves work, picks him up at the end of his school day, and has him stay with her at work. Fortunately, her employer allows this, but it does not solve her child care issues. For instance, the morning of our interview, her children were late for school. Katia brings her toddlers to child care and her older two children to school before starting work at 8 a.m. Because school does not start until 8:30 a.m., her older children sometimes continue playing outside the school and don't pay attention to the time. The school has threatened to call the child welfare agency, both because the children are late and because they are left unattended.

The Watching Out Families

The families that are participating in Watching Out are trying to improve their circumstances and embrace the goal of adult independence and family self-sufficiency. We explore their relationship to TANF, and the experiences they are having. We've grouped the Watching Out Families as:

- "**TANF Leavers.**" These families are no longer receiving cash assistance.
- "**Working and on TANF.**" These families are working and are receiving TANF. They have low earnings; TANF helps them supplement meager wages. Their partial cash grants count toward their five-year federal TANF limit.
- "**TANF Only.**" These families rely on TANF as their only source of cash income.[9] Many are approaching their five-year TANF time limit. Families new to TANF are included in this group, as are families who have been cycling in and out of the workforce, on and off TANF.

Chart 8: Current Work Involvement of the Watching Out Families

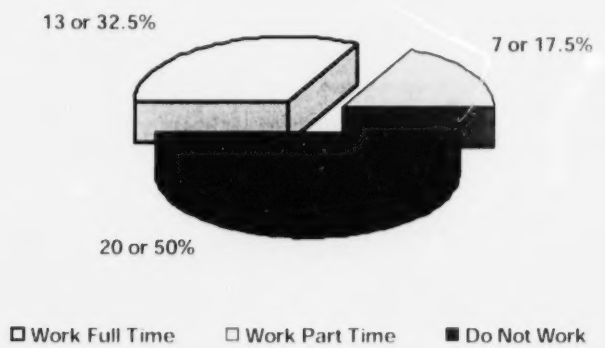
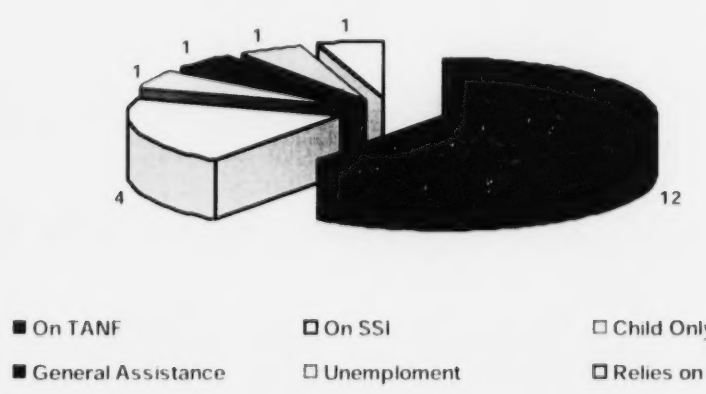


Chart 9: Situations of the 20 Non-Working Watching Out Families



TANF Leavers

Over half the Watching Out families – 23 of 40 – are TANF leavers. Employment is the primary, but not the only reason families no longer require TANF support. Sixteen are employed and are either no longer financially eligible for TANF, or have chosen to close their case so as not to use time toward their five-year limit. The remaining seven families are not working and rely on income from another source, primarily SSI that is provided due to the disability of a family member.

Working Families

Sixteen of the 40 Watching Out families have left TANF because they are working. They are widely considered the "success stories" of welfare reform. These families have increased earnings, but as a whole they are still living below the poverty line. Although they are earning more money, they also have greater work-related expenses, such as transportation, child care co-payments, and increased rent for those living in subsidized housing. They face other challenges in managing and in securing food stamps, Medical Assistance, or utility assistance (LIHEAP). Of those who remain eligible, some are unaware that these and similar programs can help them. Many of these families are not in a better financial situation than they were on welfare. Most of the parents in this category have transitioned from the TANF rolls (the non-working poor) to become members of the working poor.

Our Watching Out findings reflect national trends. Many families who have left welfare for work find they are still facing an uphill battle to make ends meet. Nationally, over 40 percent of welfare leavers have trouble paying housing and utility bills after leaving welfare.[10] Many single mothers do not earn enough to lift their families out of poverty. Indeed, studies find that 55 percent of welfare leavers remain poor one year after leaving welfare; 49 percent three years after. Even after five years off welfare, 42 percent remain poor and only about one-third of all leavers have incomes above 150% of poverty, or $21,945 for a family of three.[11] In addition, many welfare leavers lack the skills required to move beyond the low wage labor market into jobs that pay self-sufficiency wages. After they have left welfare, these parents are unlikely to experience significant wage growth.[12]

Mary's Story

Last winter, Mary saw a utility worker coming down the street toward her home and told us, "I prayed he wasn't coming to my house. I was so relieved when he passed my door."

***Mary** has worked regularly since December 1998. She was a cashier until April 2000, then got a job at an inpatient drug and alcohol facility. The job is within walking distance from her home and pays more than her cashier job. She recently switched from the late shift and now works 7 a.m. - 3:30 p.m., Tuesday through Saturday. After more than a year on the job, she received a quarter per hour raise to $8.85. Her hours are steady, and she occasionally works overtime. She now hesitates to work additional hours, as her overtime pay affected her eligibility for food stamps and her child care co-payment in the past. Due to the time lag between reporting of her income and the resulting impact on her benefits, she found herself with few food stamps and a larger child care co-payment in a month when she did not have any overtime earnings. She cannot count on getting overtime, and now thinks twice before accepting when it is offered.*

Mary and her three children shared a home with her father until he passed away. She is now responsible for all the household bills they once shared, a difficult stretch on her income. Mary brings home between $950 - $1,050 per month, $11,400 - $12,600 per year. She receives child support, but it varies in amount and timeliness. Some weeks she receives $20, with as much as $50 - $70 two weeks later, then no payments will arrive for a month or more. She has tried to straighten this out several times to no avail. Her income, depending on whether child support is paid, averages $1,100; her basic expenses average $980 at a minimum. As for clothing, she said, "it's always tough." She recently went shopping with her children, and one of her sons needed a new pair of sneakers. They were expensive, so that was all he got.

Mary has been nervous about utility bills, because she has seen neighbors and friends have service cut off. She sends each utility at least $100 per month, but some months that amount doesn't cover what she owes. Her LIHEAP application for heating assistance was turned down because she was unable to show proof of how much child support she receives. Since then she began photocopying child support checks before cashing them so she will be able to provide "proof" in the future.

Mary has not reapplied for food stamps since her case was closed over a year ago. She was receiving about $42 per month, depending on her earnings. Even this seemingly small amount was a big help. She is reluctant to reapply because many of the clients from her workplace go to the same benefits office as she would. Mary does not want to run into any of the clients there. She receives WIC for her young daughter, and the family is also covered by Medical Assistance. Mary really needs the health coverage, and is worried that she will soon become ineligible. Health benefits are available through her work, but Mary would have to pay for them herself, which she cannot afford. She has had surgery twice for a hernia (in '98 and '99) and may need a third surgery, as "it is hurting again."

Some of these TANF leavers have voluntarily closed their TANF cases, even though their low earnings make them eligible for a partial cash grant each month. They do not want to use time remaining from their five year limit, and would rather "bank" their time in case they must return to TANF in the future.

TANF Leavers Who Rely on SSI or "Other" Income

Seven of the Watching Out families have closed their TANF cases because they have another source of income on which they can rely. Four families rely on SSI. One Watching Out parent relies on her grandmother while she pursues an education. One family whose children are now over 18 is unable to work and collects General Assistance (GA). One parent was laid off, and is collecting Unemployment Compensation while she looks for another job.

Jamie & Patrick's Story

"The schools expect parents to come get problem children and may call the child welfare agency if you do not respond, but your job is in jeopardy if you leave to get a child from school."

Jamie and Patrick *have five children, ages 12, 8, 7, 5 and 3. Pat is disabled, while Jamie has made many efforts to work. For a few months early in 2000, she provided child care for her neighbor's children, making $80-130 per week. She stopped when their oldest son was having trouble in school, and their youngest son was having problems in Head Start. Jamie and Pat decided to seek mental health and speech therapy services for their youngest son, and to explore SSI due to the severity of his problems.*

Jamie worked briefly at Superfresh, but had to miss a lot of work to care for their five children. She reported her income from these jobs to the welfare office. Early in the summer of 2000, Jamie's welfare benefits and food stamps were cut off for four months as a result of the ongoing problems with the welfare office monthly reporting paperwork. The family struggled. They went to a food cupboard and relied on Jamie's mom for support. Then, in the fall of 2000, at the same time Jamie's paycheck was delayed due to a problem with the payroll system at work, the welfare office again had problems with Jamie's monthly reporting forms and cut off her welfare and food stamps. The family turned to her mom for help.

After many difficulties with the welfare office while she was trying to work and care for her children, Jamie and her husband decided to close their TANF case. Their youngest son's application for SSI was approved. With Pat's SSI funds, along with those of their youngest son and oldest son (who has a disability due to ADHD), they have $1,608 in SSI each month and $324 in food stamps.

Their income – at 72 percent of the poverty level – is not much to support a family of seven.[11] Their mortgage is $346 per month. However, they are still in the process of catching up from missed payments during the months their welfare was cut. Including other basic expenses such as utilities, phone, car insurance, and gas, their monthly expenses total $1,126. This does not include the overdue payments they are trying to catch up on, nor groceries and clothing. Food stamps do not usually last the month, so additional cash must be used toward groceries and items for which food stamps are not valid (cleaners, shampoos, etc.). They alternate bills if they cannot pay each in full every month.

Jamie is concerned that parents of disabled children face more struggles but the same time limits as others. Parents of children with disabilities have difficult circumstances and receive conflicting messages about the importance of caring for their children and the importance of a job. Jamie has lost employment a few times over the last several years as a result of these competing interests. With the modest support available from SSI, Jamie and Pat choose to focus on their children.

Leaving TANF: Do Families Get Health Care, Food Stamps, and Child Care Assistance?

An estimated one third to one-half of all families leaving welfare for work do not receive supports for which they qualify, including Medical Assistance, food stamps, or child care assistance.[14]

It is not unusual for families to cut their ties with the welfare office once they begin working. When families begin work and feel positive about their prospects, they do not want continued involvement with the welfare system. When they are working and have more limited free time, the burdensome applications and paperwork requirements can discourage them from applying for available benefits. They may not know about, or know how to access, the continuing supports that are available to them such as food stamps, Medical Assistance, and child care assistance.

These supplementary supports are crucial to new workers. They can make the difference for many families during the months, and possibly years, that it may take to transition from public assistance to family-sustaining work. Most TANF "leavers" are eligible for food stamps, Medical Assistance, and child care assistance.[15] About one-third of people who have left welfare say they have had to cut the size of meals, or skip meals, because they did not have enough food in the house.[16] In addition, single mothers with children have had to increase their reliance upon food pantries and homeless shelters.[17]

In most of the states that collect data on these issues, use of child care subsidy by welfare leavers is 30 percent or less.[18] Among all Pennsylvania families, 15.5 percent of children eligible for child care assistance under federal law receive help.[19] The rate of subsidy use among Watching Out families is actually much higher - one half of those needing child care receive a subsidy.

The most common child care arrangements made by TANF families are with family, friends and other informal caregivers. This holds true for the Watching Out families, as ten of the 16 families who use child care rely on family and friends. These arrangements are not held to quality standards. Families often choose these providers based on trust, but there is no assurance that they meet the developmental needs of children. The Philadelphia Quality Child Care Study reported that 54 percent of family based settings (regulated and unregulated) received an "inadequate" overall quality rating. Seventy five percent of centers received a "minimal" overall quality rating.[20] In Philadelphia, only two percent of child care centers and five percent of family day care homes meet high voluntary quality standards of accreditation.[21]

Workers Who Are Unable to Get by Without TANF Assistance

Those Who Are Working and Still Using TANF

Of the Watching Out families who are working, five collect partial TANF grants to supplement their wages; one is approaching her five-year limit. Many new workers are unable to work full-time hours, and even those employed full-time at a low wage often cannot support their families. Partial cash grants assist those with low wages, as well as those who miss hours because they do not have sick, vacation, or personal days available when they must attend to their own or a child's medical care.

The five-year time limit for federal welfare receipt is difficult for families who are trying to work their way off welfare but need partial TANF grants to supplement low pay. If they are "cut-off" upon reaching their five-year limit and do not receive any further wage supports or increases, their ability to maintain housing, employment, child care, and other necessities may be jeopardized. Close to two-thirds of employers in the Welfare to Work Partnership[22] agree that Congress should amend the 1996 law to "stop the clock" for low-wage earners who are working at least part-time.[23]

Lynette's Story

Lynette *lives in Philadelphia with her two children. She left high school in the 11th grade when she became pregnant with her son. After his birth, she worked in the housekeeping department of a nursing home in the city. She worked full time for approximately six years, except for the two months she took off following the birth of her daughter. Lynette earned $8 per hour, and typically worked additional hours every other weekend for time-and-a-half pay. Lynette did not receive a single raise in almost six years, so she looked for a new job. She got a full time position as a dietary aide, which paid $8.75 per hour, at a nursing home in the suburbs. Although she received three "on time" bonuses during her nine months at this job, she was let go when she began missing time at work. She had to leave work several times when her son started having a difficult time in school (he has ADHD), and also had transportation problems.*

Lynette worked long enough to collect Unemployment Compensation. A worker at the state's Unemployment Compensation office suggested she could apply for welfare and enter training to become a Certified Nursing Assistant (C.N.A.). Lynette began receiving welfare in the winter of 2000-2001, and completed a C.N.A. training course in May 2001. She missed the state certification test at the end of the program, however, when an unexpected health problem kept her in the hospital for a week.

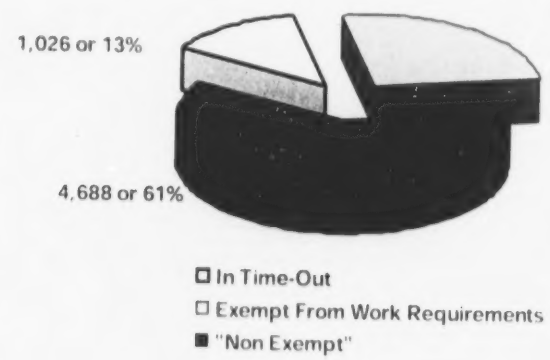
She is unhappy with her current job as a home health aide for a number of reasons: her employer gives her only part-time hours; it pays $6.25 per hour; she must work 2,000 hours to get a raise; she has a changing list of clients throughout the city; and she either takes her daughter with her to work or pays her aunt to watch her. Lynette's earnings – approximately $380 per month – are supplemented by a partial TANF grant of about $240 per month. In order to receive this, she must attend a "retention" program ten hours per week to reach her required 30 hours. Her expenses, including mortgage and utilities total $533, plus she must cover her varying transportation and child care costs. She is able to stretch her food stamps to last the month and receives WIC and Medical Assistance. Lynette hopes to take the state certification exam soon, so that she can begin work full-time – and eventually receive benefits – as a certified nurse's aide.

Families Who Are Not Working and Currently Rely on TANF

Families Who Have Relied Exclusively on TANF since the Beginning of Welfare Reform

Six of the Watching Out families who rely on TANF as their primary source of income are approaching their five-year limit. Of these families, four parents are exempt from the work requirements based on disability. Over one quarter of the families in Pennsylvania expected to reach their five-year limit between March and June 2002 are exempt from the work requirements.

Chart 10: Pennsylvania Families Approaching Five-Year Limit (November 2001)



Physical and mental impairments create significant work barriers for many TANF recipients. Forty-four percent of the national TANF population, aged 18 to 64, self-reported physical or mental impairments in 1999. Thirty-eight percent reported a severe impairment. In comparison, only 16 percent of the non-TANF adults in the United States reported having an impairment. The proportion of TANF recipients with impairments is almost three times as high.[21] TANF recipients with impairments are less likely to work than those without impairments.

Pennsylvania is one of many states that exempts persons with disabilities from the TANF work requirements. This is an exemption from the *work requirements only* and not from the time limit. The five-year time clock is still ticking for these individuals. They often receive little assistance to develop skills while exempt from the work requirements. Adults who care for a disabled child may also be exempt from work requirements while their five-year clock continues to tick away. Ultimately, many recipients who have been exempt from work due to their own or a child's health problems may exhaust their time limit without having developed any marketable skills because their barriers to work have neither been properly identified nor addressed.

Of those exempt from the work requirements, five of the Watching Out families are pursuing SSI claims based on the disability of a parent. Some of these parents filed unsuccessful SSI claims prior to welfare reform, while others have applied for the first time more recently. Three of the Watching Out families were recently referred to DPW's "Disability Assistance Project" (the DAP unit). Prior to this, many individuals were unaware they could receive help in filing their SSI application, which is a lengthy and complicated process.

Donna's Story

"On job applications, where they ask if you have anything that may interfere with your work, they don't want to hire you when they see that you have seizures."

***Donna** has been having seizures since she was two years old and began taking daily seizure medication when she was nine. She is 34 years old, and has never worked, although she has applied for jobs. She has been trying to get SSI on and off for years, and is on the second appeal from her most recent application. If her application is denied, she will have to file yet another new application and start the process – which may take a couple of years – all over again. Her seizures are considered the "grand mal" type, and she can have them at any time. Although her medication typically helps reduce their frequency, she can still have them once a week or even several times per day. Donna also has "nerve and stomach problems" for which she takes daily medication. She believes these problems are related to her seizures and the stress caused by them. Additionally, her neurologist diagnosed her with carpel tunnel syndrome for which she has had surgery on one hand. The carpel tunnel syndrome may also be related to her seizures, as a result of her clenching and twisting her hands during a seizure. For example, if she is holding something breakable when she has a seizure, chances are she will break it and injure herself in the process.*

Donna considers herself good with numbers and is bilingual, but has problems remembering things. She thinks this is due to the seizure medication she took during her adolescence. Donna applied for numerous jobs in the past, but didn't have any success. Donna receives $670 per month cash assistance and $351 per month in food stamps. She does not receive any child care allowance, because she's home and can care for her children. She feels lucky that she has not been cut off welfare yet, but worries about what will happen after her five-year limit is up. During a recent meeting with her welfare caseworker, she provided a letter from her doctor stating that she cannot work. Donna said her caseworker has not really pushed her to go to job search, training, or find work at all, because she knows Donna has seizures and is applying for SSI.

Many individuals with behavioral health issues have received exemptions from the work requirements. Appropriate mental health and/or addiction services are critical to their workplace entry and success. One of our Watching Out families fits into both of these categories.

Maria's Story

Maria was told by her welfare caseworker that her time was no longer accruing - her five year clock was stopped. She has no idea whether there are time limits or other obligations for this "time-out."

***Maria** was unable to care for her children as a result of her drug addiction. Her 12 and 2 year old daughters were taken from her and placed in foster care in late 1998. After the loss of her children, Maria faced many obstacles - including a suicide attempt - before she began her road to recovery. She completed an extensive rehabilitation program, and graduated from an after-care program. Upon completion of this program, she was able to secure a Section 8 voucher and move to a new home. Maria has been drug-free for 23 months, continues to take medication, receives counseling for her anxiety and depression, and is working toward her GED.*

For more than two years, Maria has been exempt from the TANF work requirements based on her doctor's diagnosis that her recovery and mental health status prevented her from working. She was recently referred to the DPW Disability Assistance Program (DAP) to receive assistance in applying for SSI. Her Agreement of Mutual Responsibility ("AMR") includes goals relating to her ongoing participation in therapy, her continued recovery, the appropriate care of her children, progress toward her GED, and, now, cooperation with the DAP unit. This will be the first time she applies for SSI, even though she has been exempt from the work requirements since March 1998. Since she began her road to recovery almost two years ago, Maria has played by the rules and consistently worked toward the goals listed in her AMR.

TANF and the Americans with Disabilities Act

The Americans with Disabilities Act (ADA) prohibits discrimination against persons who have impairments but are able to perform the essential functions of the job they seek or hold. Under the ADA, a qualified individual with a disability cannot be excluded from participation or be denied the benefits, services or activities of public programs. TANF is a federal government program. All agencies providing TANF services – including DPW and its sub-contractors – are subject to this requirement.[25]

The Office of Civil Rights has highlighted three key requirements that TANF programs must meet.[26] These are to:

1. Ensure equal access through the provision of appropriate services.
2. Modify policies, practices, and procedures to provide such access, unless doing so would result in a fundamental alteration to the program.
3. Adopt non-discriminatory methods of administration.

These requirements apply to all phases of the TANF program, from application to education, training, and work stages of the program.

Victims of Domestic Violence

Victims of domestic violence are granted consideration, and often exemptions, from the work requirements. Domestic violence serves as a considerable and prevalent obstacle to employment for many TANF recipients. Numerous studies have estimated that more than one-half of the women receiving welfare have experienced domestic violence as adults (compared to estimates of 22 percent of women in the general population).[27] Several studies found that one-quarter to one-third of welfare recipients reported abuse within the past year.[28] The intimidation, physical injuries, and mental harm victims experience are difficult to overcome. Even if they have managed to leave their abuser, victims often feel prevented by their former partner from moving forward after the abuse has ended.

Rita's Story

Rita would like to work full-time and close her TANF case. She explained, "I really like my job because I am helping people. I used to be depressed a lot, but think that working with people has helped me feel better."

***Rita** is a survivor of domestic violence. She spent most of her life in Puerto Rico. While there, she worked for five years as a sales supervisor in a department store, took time off for the birth of her daughter, and then completed a course in medical billing. Rita worked in this field for four years before she fled to the United States to escape her abusive ex-husband. Because Rita speaks Spanish and has very limited English, she has been unable to pursue either of her previous lines of work since arriving in Philadelphia a little over two years ago.*

Rita began collecting welfare when she moved here. After a few months passed and she began adjusting to her new life here, Rita volunteered at a family center that primarily serves the Latino community. About three months later, she was able to get a part-time job as an organizer for the parent program. She works approximately 20 hours per week at $7.50 per hour. As a result of her earnings, her cash benefits were reduced to $90 per month. She also receives food stamps ($210 per month), child care assistance for her eight year old daughter, and Medical Assistance. Fortunately, she was also able to smoothly transfer the Section 8 housing voucher she had in Puerto Rico to the United States (due to the fact that she had a protection from abuse order and was moving to secure her safety).

Rita would like to close her TANF case, but needs the extra $90 per month to get by. In addition to supporting herself and her daughter, she cares for her elderly mother. She shares this responsibility with her sister, but it is costly to provide for her mother's needs, such as adult diapers and medication. Rita is enrolled in a parenting certification program and continues to work on her English. After completing this training, she hopes to become a full-time staff member at the family center where she currently works part-time. If this is not possible, she will have to join other job seekers so that she can leave TANF for good.

TANF "Cyclers"

Of the six Watching Out families who are receiving a full TANF grant, but are not yet close to their five year limit, three are TANF "cyclers." They left TANF for work at some point since welfare reform began, but have returned to TANF. Because they have not collected cash benefits continuously since 1997, these parents are not yet approaching their five-year time limit.

Tanya's Story

"I just wish welfare would let me have more choices to go to school or get more training."

***Tanya** began working part-time in the state liquor stores shortly after the start of welfare reform. She worked 25-30 hours per week at $7 per hour, $550 each month. She was not assigned to a specific store and instead "floated" within the system. Lisa, Tanya's 11 year old daughter, has serious problems with asthma. Lisa is on medication, but still has somewhat frequent and serious attacks. Tanya estimates that Lisa misses about one week of school per month due to her asthma. She goes to the emergency room 10 to 12 times per year, and is admitted four or five of these times. Tanya needs to be available when Lisa has an attack. She worked primarily evenings for about two years, but became discouraged when she was not given full-time hours or a permanent assignment. She stopped working at this job in August 1999.*

Tanya re-opened her cash assistance case in November 1999. She receives $316 in cash per month, food stamps, Medical Assistance, and LIHEAP utility assistance. She owns a fully paid for home with taxes of a little over $300 per year. Phone service is $20 per month; utilities are $200 per month, because she is still catching up on back bills from when she was paying high, non-subsidized child care costs during her evening shifts. She doesn't have cable television and spends as little as possible on clothing. Her monthly $316 cash is reduced to less than $70 after the bare necessities are paid. During our December interview she commented that she had "no money for Christmas this year."

Because she has a high school diploma DPW considers Tanya "work ready." While she was working part-time, she also received training for medical billing through a free program at a nearby vocational school. Instead of building on this training after Tanya stopped working, her caseworker sent her to an eight week job search. Tanya said the job search didn't help her with resume or skills, but just hosted an occasional job fair or had participants call employers listed in the yellow pages all day looking for work. She thought that cold-calling employers was useless. Four participants shared the same phone, and with a room full of people calling simultaneously, she could hardly hear herself. Tanya applied to many employers through the job fairs, but never heard back from them.

Despite Tanya's efforts beyond the eight week job search – having sent at least 70 applications to hospitals and temp agencies – she has not been able to find a job in medical billing. She is disappointed. Although it's very difficult to get by – the total value of her TANF and food stamps put them at just 58 percent of poverty – Tanya believes that medical billing is her best chance to earn a decent wage.[29] She worries less about her ability to GET a job, but doesn't want to take ANY job. She is not yet approaching her five-year limit, and hopes to get a job with decent pay and regular hours.

Families such as Tanya's are likely to exhaust their time limit at some point, if they continue their on and off cycle between welfare and work. Some experience difficulties with child care, others must attend to their own or their children's health problems, and still others are not treated fairly in their jobs. Many of the Watching Out families cycled on and off welfare prior to the 1996 reforms, and without adequate supports to help them maintain employment, they are likely to continue this pattern.

Many factors may contribute to make finding *and keeping* a job difficult. These include: no high school diploma, limited work experience, poor health or a disability of their own or of a child, substance abuse, exposure to domestic violence, and limited English proficiency. Many of these factors not only contribute to the difficulty of TANF recipients leaving welfare, but they are the very reasons they had to rely on this safety net in the first place.

"New" TANF recipients

In addition to TANF cyclers, three other Watching Out families are not yet approaching their five-year TANF limit. These families are newcomers to the welfare system. As the welfare system continues to be reshaped, we need programs to assist new TANF families, while continuing to support those who have been dependent on a safety net for a longer period.

Diane's Story

Diane's infant daughter is approaching her first birthday, and Diane has no plans or prospects for the coming year. When asked about the coming year she said, "things will be better." When asked why she thinks this she said, "because I know."

***Diane** is a 21 year old with an infant daughter. Diane did not complete high school, nor does she have a GED. She entered the foster care system at age six and now lives with the foster care mother whom she has been with since age 15. Diane first began to receive TANF in March 2001. She has been exempt from the work requirements because her daughter is below age one. Soon, she will be expected to work or participate in a TANF training program. Diane has had two jobs in her life, each lasting for six months. First, she worked as an aide in home for adults with disabilities where she made $5.75 per hour with no benefits. Following this, she worked at a factory making $5.75 per hour with benefits.*

Diane receives $204 per month in cash assistance, $171 in food stamps, WIC vouchers for her baby, and Medical Assistance for herself and her child. When we first spoke with Diane during the summer of 2001, she had no idea about the welfare time limits. She remembered signing an AMR stating that she would work toward her GED and get a job once her baby is older. She has not made progress, nor received assistance, with either of these goals.

TANF Families Are Particularly Vulnerable to the Recession

Under the prior welfare program, if caseloads rose due to a recession, federal funding increased to meet the needs of additional families. Under the new welfare law, block grants to states are capped and do not increase when there is an economic downturn.[30] One of the unanswered questions surrounding the success of welfare reform is whether a safety net that was designed in a booming economy can withstand the pressures created as low-wage workers lose their jobs.

In November 2001, the National Bureau of Economic Research announced that the nation was officially in a recession. The unemployment rate in Pennsylvania rose from 3.8 percent in November 2000 to 4.8 percent in November 2001, with unemployment remaining higher in Philadelphia – at 6.4 percent in November 2001.[31]

Laid off workers who are currently eligible for Unemployment Compensation must find new jobs before their maximum 26 weeks of benefits run out. If unable to do so, they may have to rely on TANF to support their families – some of them for the first time in their lives. In addition to lay-offs, many employees in the service industry who had been working full-time have had their hours cut. Part-time work does not provide enough income to support a family. For those working their way off TANF, it does not meet the hours per week required to make them eligible for a time-out (30) or for a child care subsidy (25).

Those most recently hired are often the first to be laid off. Many TANF leavers who face lay-offs will not qualify for Unemployment Compensation because they work part-time or have not worked enough to qualify for benefits. If they are unable to collect unemployment benefits, going back to TANF may be their only option.

Many TANF recipients must overcome multiple work impediments. They now face tighter labor market conditions that are likely to further constrain employment opportunities. Applicants with more skills and experience will be competing for jobs with those with more qualifications. Individuals who have little education or work experience, those who speak limited English, who are in recovery, or who have disabilities, will now face even greater challenges in their efforts to gain employment.

Pennsylvania's Approach to the Five-Year Clock: Time-Outs

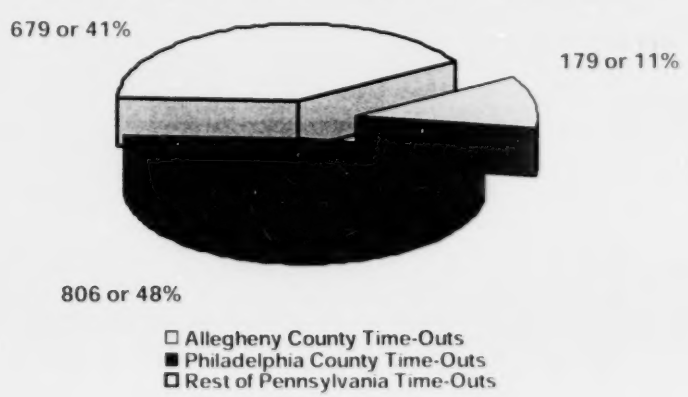
In July 2001, the Pennsylvania Department of Public Welfare (DPW) began its Time-Out initiative.[32] Through this program, individuals who meet certain criteria can qualify for a "time-out." People in time-out can receive TANF benefits without time counting toward their five-year lifetime limit.

Chart 11: Time-Out Categories

Worker	Early Engager	Victim of Domestic Violence	Kinship Caregiver	Exempt Volunteer
Must work 30 hours per week - *OR* - Work 20 hours per week, plus 10 hours per week of approved education and/or training.	Must be during the individual's first year of welfare - *AND* - Must attend a training program 30 hours per week - *OR* Must attend college full-time.	Person who has been a victim of domestic violence.	Non-parent caregiver who has received TANF for 2 years (unless child was placed by DHS) - *AND* - Does not receive TANF for his/her own children.	Exempt from work activity because of a disability - *AND* - Must enroll in the Maximizing Participation Program (MPP).

Time-Outs are limited to one year for those in the "worker," "early engager," and "exempt volunteer" categories. Time-Outs for kinship caregivers are not time-limited. A domestic violence time-out is for six months, is renewable for another six months, and does not prevent one from getting another time-out later (one can get a domestic violence time-out, overcome these issues, and then qualify in separate category). [For more information about Time-Out, see Appendix 2.]

Chart 12: Total Time-Outs in Pennsylvania (December 2001)



Time Outs and the Maximizing Participation Program

Of the Time Out categories, only one – "exempt volunteer" – required participants to enroll in a new program. The state launched the Maximizing Participation Program (MPP) in July 2001. Through MPP, TANF recipients who have significant barriers to employment are to receive more individualized services so they can develop skills and overcome these obstacles. In most counties, MPP is run by the County Assistance Office (CAO) and enrollment is not limited. Due to the large demand in Philadelphia, the program is run by agencies the state has contracted to provide a specified number of "slots." In Philadelphia, outreach for MPP has focused on TANF recipients who will be facing a termination of benefits by June 2002. The Philadelphia Mental Health Care Corporation (PMHCC) was the first Philadelphia organization to begin MPP, and reached its full capacity of 600 clients this fall. After this program filled up, eligible individuals had to wait for more MPP slots to be created. The Department then contracted with Jewish Employment and Vocational Services (JEVS) for a 1,000 slot program that is now up and running.

When Time Outs were initially available, the eligibility criteria was not well-publicized or well understood. Although thousands of recipients met eligibility criteria, enrollment was low. Originally, the Department of Public Welfare (DPW) considered Time Out a purely optional program. Recipients were required to meet with their caseworker to request a time-out.[31] Advocates urged for a change in this procedure, and DPW recognized that a majority of eligible clients did not request time-outs in the early months of the program. To remedy this, DPW has implemented a new automatic enrollment process that makes it easier for a parent to receive a time-out.[31] Parents that are working or are in training programs who meet the 30 hours per week requirement (or 20 hours of work and 10 hours of training) will now be automatically enrolled. Time-outs will also be given to those who fit into the Exempt Volunteer category. As a result, parents will not have to take time away from jobs and training to request a time-out.

Deirdre's Story

"I worked very hard to do what was right for my daughter, to give her stability. She finished high school and even took some college courses. Now I'm older and have another child to raise all by myself. I'm not sure I'm going to make it this time."

***Deirdre** has a 21 year old daughter and a 23 month old son. She was victimized, molested and, raped throughout much of her childhood. Her first pregnancy was a result of these atrocities. She was only 13 years old when her daughter, Cheryl, was born. Although Deirdre's mother received welfare for them, Deirdre dropped out of school at age 14 to help support Cheryl. Deirdre lived with her mother a few years longer, while the abuse continued. When she was 17, she and Cheryl left her mother's home. She supported herself and her daughter for awhile, and did not receive welfare on her own until she was 20 or 21 years old. This began a now almost 14-year cycle between low-wage jobs and welfare. Things were "looking up" in her early twenties when she and her high school sweetheart got engaged. They never wed, as he was killed nine years ago at age 23. Deirdre never received any counseling to help her cope with the tragic circumstances in her life.*

Deirdre has worked at many jobs, primarily in fast food, office cleaning and retail. She has never really liked any of the jobs, but didn't have much choice. Her series of jobs has included: McDonald's for several months, office cleaning for about two years, a Sunoco station for a few months, then McDonald's again. She worked at this job for about five years, making her way up to assistant manager. She left, due to the low pay in relation to the high amount of responsibility. She then worked at Hoagie City, Toys-R-Us, and then again at McDonald's. After a slightly longer spell on welfare in the mid-1990s, she worked at Dollar-mania and as a telemarketer for a short while. Her jobs paid between $3.75 to $7 per hour.

Deirdre returned to welfare again before her son, Barrett, was born. When he was about six months old, she again looked for work. She found a job at Wendy's, arranged for child care, and was ready to start her work cycle again when she was diagnosed with diabetes and a thyroid condition. In addition, her neglected mental health issues became more severe. She was recently diagnosed as manic depressive. She is exempt from the TANF work requirements based on her health problems, but has also used up the majority of her five-year lifetime limit. She receives mental health treatment, and takes medication for both her manic depression and her diabetes. She has signed up for MPP, but was waiting for an opening when we spoke in the fall of 2001.

Deirdre receives $296 per month in cash assistance, a $50 child support pass through, and $215 food stamps for a total of $561. Fortunately, many years after her first application, she received a Section 8 voucher in the spring of 2001. The voucher covers all of her rent; she is responsible for utility bills. Monthly, she pays between $60 -$100 for utilities, $15 for phone service and $90.68 to Rent-A-Center for her washer, dryer and refrigerator. She stretches her food stamps to last the month, and puts what little cash she has left after paying her bills – less than $100 – toward household items, clothes for her growing son and occasional bus tokens.

Pennsylvania's Plan Beyond the Five-Year Clock: "Extended TANF"

The state's policies for families approaching their five-year TANF limit were still being developed when this report went to press. Formal "Extended TANF" rules are not expected to be in place when the five year federal deadline first hits in March 2002. As a result, the state plans to continue TANF support for families who remain in compliance with current TANF rules before new regulations are in place, which DPW estimates to be June 2002. The basic plan proposed by the state provides that all adults who reach their five-year limit on TANF will be eligible for Extended TANF benefits at least until June 2002. After this time, benefits will be conditional. Families will then be expected to meet new program requirements to remain eligible for TANF.

People Exempt from Work Requirements. Persons who are currently exempt from work requirements will have to enroll in the Maximizing Participation Project (MPP). MPP uses a team to assess functional limitations, and to develop individualized plans for clients to reach self-sufficiency.[35] This program is to include appropriate treatment for participant's physical and mental conditions.

Persons Required to Work but Not Working. Persons required to work will have to enroll in the Work Plus program. Work Plus is to provide individuals with a vocational assessment to determine appropriate skills training and a combination of work, community service, and related activities to provide 30 hours of activity per week. Six months of paid work experience will be available to those who are eligible. However, those who have previously engaged in six months of paid work experience will be working only for their welfare checks.[36]

Domestic Violence. Domestic violence victims must develop a plan for their safety that includes the steps that need to be taken to become self-sufficient. The Domestic Violence/TANF Task Force is working with DPW to develop appropriate model plans.

Consequences. Parents who fail to comply with these requirements without good cause will risk the loss of cash benefits, including General Assistance (GA) for themselves and thier children.[37] DPW plans to allow families to reapply for Extended TANF once they are willing and prepared to meet the new program requirements.[38] The implications this process and requirements will have on children bears close watching.

Extended TANF is expected to help families who need more time to become self-sufficient and will prevent a once-feared March 3, 2002, "one point in time" disaster. This is good news for families who require an extended safety net. Difficulties with Extended TANF may arise in the next two to three years as more recipients hit their five-year limit. Pennsylvania's "Extended TANF" caseload will at some point come closer to, and possibly exceed, the 20 percent exemption allowed by federal law. It will then be necessary to re-examine state TANF policies again, potentially structuring programs that will make use of federal non-assistance and state funding.

Welfare Reform and Children

Many low income single mothers are now assuming the dual role of breadwinner and homemaker. Employment in a very low-wage job makes it difficult to fulfill this dual responsibility. Parenting is a challenging job even with ample supports. For families with inadequate resources, and limited time at home, the task of providing for their children's basic needs can be overwhelming. An important and unanswered question remains: what impact has welfare reform had upon children?

Many factors go into supporting healthy child development. Good role models, increased income, adequate parent/child time, quality early childhood education, schooling and after-school activities, appropriate health care, family support, and security all play a part. National researchers have been investigating the impact of welfare reform on child well-being. They can tell us that replacing a welfare check with low wage earnings does not by itself improve children's well-being. Children living in families with more resources do better than those with limited resources.[39] The success of welfare reform in helping families attain more resources is an important concern regarding child well-being. TANF programs should include a focus on raising family incomes.

The question of child well-being for infants and toddlers includes a look at the quality of child care settings. When TANF mothers go to work or participate in training programs, they often have to find care quickly and have little time to explore all their options. Access to quality care is limited; by and large, mothers are leaving their children in poor quality settings.[40] These findings raise serious concerns as to whether our youngest children will benefit or suffer from welfare reform. As a greater number of children enter and spend significant amounts of time in child care, availability of care, and improvements in the quality of care are needed.

Early studies of welfare pilot programs that influenced the design of today's welfare reform policies show mixed results for our pre-school and school aged children. When families lose income, regardless of the reason, children are more likely to experience negative outcomes such as increased enrollment in special classes for behavioral or emotional problems, increased school suspensions, increased number of children removed from the care of their parents, and health problems such as increased visits to the emergency room. In families where both employment and income were raised, however, the impacts upon children were more positive.[41]

Teenagers whose single mothers have left welfare for work appear to be experiencing difficulties. These adolescent children have lower academic achievement and more behavioral problems than the adolescents of other welfare households. Researchers suggest many possible causes, including that parents, once employed, have less time and energy to monitor their adolescents, or that the adolescents are burdened with more adult responsibilities when parents get jobs.[42]

Recommendations

Federal Government:

Because we found many working families unable to lift themselves out of poverty, and because of the close connection between child well being and child poverty, we urge the federal government to:

- Make the reduction of child and family poverty one of the goals of TANF.
- Stop the clock for families who are doing all they can to move toward work and self sufficiency.
- Broaden the set of activities that fulfill the work requirements to include activities that help recipients lessen barriers to work and strengthen skills.

Because those who have left welfare for work may be unable to find jobs or may be at risk of losing jobs as the economy changes, we urge the federal government to:

- Require states to develop and implement job retention strategies for former TANF recipients.
- Include additional TANF funding as part of any economic stimulus package so that states can receive increased block grants in weak economic times.

Because low income families need support to work and raise their children, we urge the federal government to:

- Protect the federal TANF budget. Funding must be maintained to provide services to all families; any decrease would threaten the progress of those making strides and increase barriers for those already struggling.
- Adjust future TANF funding for inflation so that states will be equipped to deal with new applicants as well as the remaining and costly challenge of moving the most difficult to serve recipients toward work.
- Increase the Earned Income Tax Credit for low income working families. This is another way to "make work pay" and support families.
- Expand the Child Care Development Block Grant so that more families can benefit from affordable, quality child care options.

Because welfare policy should be shaped by the experiences of families in communities all over the country, we urge the federal government to:

- Require states to follow up and report on what is happening to families after they leave the welfare rolls. We will not know what works best for families, or if welfare reform is a "success" as has been claimed, without accurate information.
- Provide "best practices" information to help states create and/or improve programs to help TANF recipients take meaningful steps toward employment and sustained self-sufficiency.
- Improve incentives for states to develop job training and educational programs in conjunction with community-based domestic violence programs.
- Require states to identify higher wage nontraditional occupations, and establish training programs for welfare recipients to enter these fields.[11]

State Government:

Because we found many families who work but need more support, we urge the state to:

- Stop the clock and make work pay for families who are working – even if they are unable to reach the 30 hour per week requirement for a time-out. Families who are working should not lose the partial TANF grants they need to survive.
- Assist families who are working their way off welfare – including the establishment of work stipends from sources outside federal TANF funds.
- Extend the six month period, and increase the $5.15 per-hour wage, for paid work experience.
- Provide affordable health insurance to the adults in low-income families.
- Simplify the child care eligibility rules.
- Expand the "work-first" approach of TANF to include both pre- and post-employment education and training that will help former TANF recipients achieve better wages, long term job retention, and career advancement.
- Create additional supports for low-income families in the tax code. Rather than only allowing exemptions for low-income families, that state should create a refundable earned income credit.

Because we spoke with families who had to overcome major obstacles in order to move toward self sufficiency, we urge the state to:

- Expand the availability and accessibility of appropriate care for children with special needs.
- Expand support services for adolescents – those who are considered "old enough" to take care of themselves while parents work still need supervision and protection from too many adult responsibilities.
- Expand quality child care options for families who need services during non-traditional hours and weekends, as well as after-school and full day summer hours for school age children.
- Coordinate efforts between TANF agencies and the child welfare system.
- Utilize screening and assessment tools in the early stages of an individual's TANF receipt to identify obstacles to work, such as low literacy and learning disabilities.
- Focus resources and time on activities and services that will effectively help TANF recipients with significant work barriers develop skills and enter the work force.

Local Government and Community:

Because we found many families who need more community support and assistance, we urge community partners, congregations, and individuals to:

- Broaden public/private partnerships that will provide family supports.
- Form new public/private partnerships that will allow businesses needing entry level workers to take an active role in developing appropriate training and employment opportunities for welfare to work participants.
- Increase efforts to help low-wage workers afford housing that is close to rapid job growth, so that parents can be closer to work and to their children.
- Establish programs for women to train for "nontraditional" jobs that provide higher wages, benefits, and career ladders, such as in the skilled trades, technology, and law enforcement.
- Create innovative transportation options that allow Philadelphia TANF recipients access to jobs located in the suburbs.
- Increase outreach and simplify programs so that families receive available work supports, including child care subsidies, food stamps, health care coverage, transportation, and utilities assistance.

Appendix 1: TANF Details

Federal TANF Details

Time Limits – Federal funds can be used to provide a total of five years – 60 months – of aid in a lifetime to a family, other than the specified exemptions described below. States are free to set shorter time limits, however Pennsylvania has not opted to do so. It is important to note that the five-year time limit applies to *cash assistance only*. Medicaid and food stamps are separate programs that are not funded by the TANF block grant and as such are not subject to the five-year TANF time limit.

Work Requirements – States must also meet specific work requirements. These are:

Fiscal Year	Minimum Percentage of Caseload Participating	Minimum Hours of Work Required Per Week
1997	25	20
1998	30	20
1999	35	25
2000	40	30
2001	45	30
2002	50	30

States that fail to meet work participation rates face fiscal penalties of up to five percent of their block grant for the first year they violate the work requirements with greater penalties in subsequent years (up to 21 percent).

Sanctions – Each state plan must explain objective criteria for the delivery of benefits and for fair and equitable treatment of applicants, as well as how the state will provide opportunities for recipients to appeal decisions against them. States are allowed to sanction families for noncompliance, and in fact, block grant funding may be cut if a state fails to sanction individuals who do not comply with program requirements. However, t he U.S. Department of Health and Human Services has indicated that states may be subject to penalties if they impose sanctions on individuals when sanctions are inappropriate.[11]

Pennsylvania TANF Details

Pennsylvania TANF recipients are expected to complete an eight week job search to receive benefits. If they are offered employment, they are expected to take it – any job, regardless of the pay, benefits, hours, or location. Failure to accept a job, or quitting a job, may result in a "sanction." The first sanction causes a family to lose benefits for 30 days; the second sanction causes a family to lose benefits for 60 days. If sanctions occur during the first two years of welfare receipt, only the adult portion of the TANF grant may be withheld.[15] Upon the third sanction, an individual is barred from receiving TANF benefits in Pennsylvania for life.

Nineteen families statewide have been subject to permanent full-family sanctions.[16] Since Act 35 was passed, 32,000 different TANF adults have been sanctioned at least once for a failure to comply with the work requirements.[17] Of those sanctioned, no further information is available to show whether these families came into compliance and resumed TANF receipt.[18]

Federal Options Beyond the Five year Time Limit

The "five-year lifetime limit" on cash assistance instituted by welfare reform has been well publicized. The general public has not necessarily been informed that Federal TANF law also provides several options through which states can assist families beyond the five-year time limit. These options include:

20 Percent Hardship Exemption – A state may choose to continue assistance under a 20 percent "hardship" extension. States are free to establish their own definition of "hardship." Pennsylvania has not yet announced a specific definition of hardship. However, the state's current plan for "Extended TANF" proposes to include a broad population within this exemption.

Domestic Violence Extensions – Federal TANF law specifically allows for domestic violence extensions. In addition, these waivers do not count toward the state's 20 percent hardship exemption.

TANF "Non-Assistance" – TANF non-assistance is a flexible category through which a state may provide a family with short-term cash payments that do not extend beyond four months in duration. Receipt of such payments do not count toward a family's five year limit, and they are also available after a family has exhausted 60 months of federally funded TANF assistance. Pennsylvania has not yet announced a specific plan to utilize such non assistance.

In addition to these above categories, states may provide assistance at any time with state funds without being subject to the federal time limits.[19] Under this exemption, states are permitted to provide funds to a family both during or beyond their five year time limit, without the assistance counting toward the time limit.

Appendix 2: Time-Out Categories

Worker – those who are working 30 hour per week, or are working 20 hours per week with an additional 10 hours of "approved" education and/or training, are eligible for a time out. The 10 additional hours of training or education includes the "professional development" components of welfare-to-work training programs.

Early Engager – those who have first received TANF in the past year should talk to their caseworkers about this option. It allows them to take advantage of the training and educational opportunities while "stopping the clock" so that their first year of welfare receipt does not count toward their 60 month life time limit. Organizations that work with individuals who begin to receive welfare for the first time since the reforms began in 1997 should encourage their clients to take advantage of this option.

Victims of Domestic Violence – this exemption is for six months, is renewable for another six months, and is not cumulative with other categories. One can be eligible for a domestic violence timeout, and once overcoming these issues, can move into another time out category, such as fulfilling the hours requirement of the "worker" category.

Kinship Care Provider – this category is very narrowly defined, and is therefore of limited application. Many kinship caregivers are collecting TANF for the child they care for and not for themselves (referred to as "child only" cases). These cases are not subject to the 60 month time limitation, so a time out is not needed.

Exempt Volunteers – those who enroll in the "Maximizing Participation Project" (MPP), which is specifically designed to assist those who are nearing their five-year limit address barriers to work and increase their capacity to engage in work-related activities, can obtain a time out for up to one year.

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Endnotes

[1] The 2001 Federal Poverty Income Guidelines for a family of three: $14,630.

[2] Pennsylvania Department of Public Welfare, Status Reports, 2001. The February 1997 breakdown for the five county region was: 2,253 families in Bucks (5,915 individuals), 1,638 families in Chester (4,488 individuals), 5,628 in Delaware (16,512 individuals), 2,848 in Montgomery (7,742 individuals), and 72,711 in Philadelphia (212,615 individuals).

[3] The New York Times, December 9, 2001, "Recession is Stretching the Limit on Welfare Benefits."

[4] Ibid. All percentages derived from Pennsylvania Department of Public Welfare figures. The breakdown for the five county region is: 1,071 families in Bucks (52 percent decline), 752 families in Chester (54 percent decline), 2,639 families in Delaware (53 percent decline), 1,243 families in Montgomery (56 percent decline), and 41,647 families in Philadelphia (43 percent decline).

[5] Ibid.

[6] Ibid.

[7] Ibid. Statewide, 89,396 families received TANF in January 2001. The number dropped by only 2,082, to 87,314 families as of November 2001.

[8] Pennsylvania Department of Public Welfare, Status Reports, 2001.

[9] A few of the families, however, have a family member who receives SSI benefits.

[10] Loprest, 2001, The Urban Institute.

[11] Cancian & Meyer, 2000, June, Social Work Research.

[12] Kay & Nightingale, Eds., 2000, The Urban Institute Press.

[13] 2001 Federal Poverty Income Guidelines for a family of seven is $26,710, or $2,226 per month.

[14] Zedlewski assisted by Gruber, 2001, The Urban Institute.

[15] Eligibility for these programs is not time limited and depends upon family income. Since many TANF leavers earn low wages and/or work irregular hours, they often remain eligible for these benefits.

[16] Loprest, 2001, The Urban Institute.

[17] Eisinger, 1999, Fall, Focus.

[18] Schumacher & Greenberg, 1999, The Center for Law and Social Policy.

[19] Children's Defense Fund, 2001, *The State of America's Children, 2001* (based on 1999 subsidy figures).

[20] Jaeger & Funk, 2001, St. Joseph's University, Department of Psychology.

[21] Ibid.

[22] The Welfare to Work Partnership is a non-partisan nationwide effort designed to encourage and assist businesses with hiring people on public assistance. The partnership formed in May 1997 and has now grown to nearly 15,000 members who have hired an estimated 1.1 million recipients. For more information, see their website at http://www.welfaretowork.org.

[23] Welfare to Work Partnership, 2000, Summer, The Bottom Line for Better Lives: A Report to the President on Welfare to Work.

[24] U.S. Census Bureau's Survey of Income and Program Participation (SIPP) data. GAO-02-37. Note, SIPP relies on self-reporting of impairments, and therefore may not accurately reflect the size of the general or TANF population with impairments. Both overreporting and underreporting of impairments is possible. Some more stigmatizing impairments, such as learning disabilities and depression, as well as undiagnosed conditions, such as hearing or visual impairments, are likely to be underreported.

[25] Section 408(d) of TANF, 42 U.S.C. §608(d); 45 C.F.R. §260.35.

[26] On January 19, 2001, the U.S. Department of Health and Human Services Office of Civil Rights issued its report, "Summary of Policy Guidance: Prohibition Against Discrimination on the Basis of Disability in the Administration of TANF," to all entities involved in the administration and operation of TANF programs. http://www.hhs.gov/ocr/cover.html.

[27] Lyon, 2000, National Resource Center on Domestic Violence.

[28] Ibid., and U.S. General Accounting Office, 1998, November.

[79] Tanya's benefits, counting the cash value of her food stamps, total $564 per month. The Federal Income Poverty Guidelines for a family of two are $968 per month.

[80] The law established a $2 billion contingency fund that states can qualify for based on high rates of unemployment or sharp increases in food stamp participation. To tap this fund, states must spend at a higher level than would otherwise be required; most states are not spending enough to qualify.

[81] U.S. Bureau of Labor Statistics, http://data.bls.gov.

[82] DPW Operations Memorandum 01-06-09, Implementation Instructions for the Time Out Initiative.

[83] Comments of DPW Secretary, Feather O. Houstoun, at the United Way Welfare Forum, held November 7, 2001.

[84] Operations Memorandum #01-12-04 detailing the new Time Out procedure was issued to all CAO offices on December 18, 2001.

[85] The "team" consists of the County Assistance Office, Mental Health, Drug and Alcohol, Office of Vocational Rehabilitation, Children and Youth, and Medical Assistance personnel and community staff.

[86] DPW's position is that those who have previously completed six months of paid work experience will not be eligible for further paid work experience. Advocates believe greater opportunities for paid work experience should be available.

[87] Many advocates disagree with DPW's interpretation and believe children will remain eligible for GA.

[88] DPW has begun outreach efforts to advise and counsel people approaching their 60th month. In 20 counties across the state, community agencies, including faith-based organizations, have been attempting to connect with recipients outside of welfare offices.

[89] Sherman, 2001, Children's Defense Fund.

[90] Fuller & Kagan, 2000, UC Berkeley and Yale University; Schumacher & Greenberg, 1999, The Center for Law and Social Policy.

[91] Sherman, 2001, Children's Defense Fund.

[92] Brooks, Hair & Zaslow, 2001, July, Child Trends.

[93] According to the U.S. Department of Labor, nontraditional occupations are jobs in which 25 percent or less of the workforce is female. Nontraditional occupations for women, such as construction, copy-machine repair, or computer-aided drafting, pay 20-30 percent more than jobs traditionally held by women, such as retail, clerical or child care.

[94] U.S. Department of Health and Human Services, Office of Civil Rights, 2001, Summary of Policy Guidance: Prohibition Against Discrimination on the Basis of Disability in the Administration of TANF, citing 64 FR 17793, April 12, 1999.

[95] After 24 months, the entire cash grant is withheld.

[96] Pennsylvania Department of Public Welfare, Office of Income Maintenance, 2001, Extended TANF Proposal, p.5.

[97] Ibid.

[98] Nationwide, between 1997 and 1999, over 500,000 families have been forced off welfare, "sanctioned," for failure to meet new, stricter requirements. These families fare worse than other leavers and are more likely to experience poverty. Goldberg, 2001, Center on Budget and Policy Priorities.

[99] The state funds that may be used include "Maintenance of Effort" (MOE) funds that a state is required to spend in order to draw down the federal TANF block grant.

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